



TESTIMONY of TOTAL WINE & MORE

Before the Connecticut General Assembly's Finance, Revenue & Bonding Committee

March 9, 2015

IN SUPPORT OF:

SB 946, AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE GOVERNOR'S BUDGET

Senator Fonfara, Representative Berger, and members of the Finance, Revenue & Bonding Committee. My name is Edward Cooper and I serve as Total Wine & More's Vice President for Public Affairs and Community Relations.

Total Wine & More is pleased today to present this testimony in support of several sections of **SB 946, AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE GOVERNOR'S BUDGET**.

Specifically, sections 41, 42(d) and 43 provide not only much needed support for Connecticut's economy, but they also provide added value and convenience for Connecticut consumers.

The philosophy of Total Wine & More is all about the customer experience. Our stores are brightly lit with wide aisles that feature 8,000 wines, 3,000 spirits and 2,500 beers. Our team members are the best trained in the business and, while we offer all of the best national brands, we embrace local and regional products – featuring Connecticut and New England wines, beers and spirits on our shelves and sampling stations. In short, we strive to give customers that which they serve: outstanding service, phenomenal selection and the best prices. An integral part of our core business is Total Wine's philosophy of engagement in the communities in which we operate and our support for charitable causes.

Section 41 of the bill would increase, from three to six, the number of package store permits that a person may hold an interest in. In Massachusetts it is nine. This provision would move Connecticut more in line with its neighbors.

This measure will also provide greater transparency with respect to the ownership interest in package stores. Under the current law, if an individual wishes to hold more than three permits, they could accomplish this by simply forming a separate corporation that would be the permit holder. While de facto ownership would be the same, the legal ownership structure would be obscured.

We support compliance with both the letter and the spirit of Connecticut's laws. We also believe that the current three permit limit is unduly restrictive and inimical to robust business development. Increasing the number of permits from three to six benefits both the state, through greater transparency, and businesses, by allowing them to expand as appropriate to meet market demand and

benefit from economies of scale. Both of these advantages ultimately redound to the benefit of consumers.

Section 42 (d) of the bill would expand the hours which a package store may be open for business, allowing them to operate until eight o'clock on Sundays and until ten o'clock on all other days of the week.

These expanded business hours would help consumers by accommodating the increasingly busy schedules that all of us face on a daily basis. And it would place Connecticut more in-line with its neighbors. Massachusetts permits package stores to remain open until 11:00 pm and New York's stores may remain open until midnight and 9:00 pm on Sundays. Rhode Island's package stores may stay open until 10:00pm.

We are a small state with wide borders, and allowing Connecticut residents to shop at Connecticut stores, rather than border-hopping to accommodate their schedule, is a win for all involved.

Section 43 of the bill would eliminate artificially inflated prices that are currently required to be charged to consumers. This section would allow retailers to sell alcohol other than beer at their own true and actual costs.

Under current law, package stores may not sell any alcoholic beverage below a price that is equal to a threshold price that has been arbitrarily established by the general statutes. This artificially inflates prices and places Connecticut package stores at a competitive disadvantage with stores in our neighboring states which do not impose these additional costs. This creates a situation which is bad for consumers, who pay artificially high prices if they patronize Connecticut stores, and bad for businesses, which face competition from out-of-state retailers in bordering states who do not have to comply with these minimum pricing requirements.

Connecticut is the **ONLY** state in the country that imposes this pricing system on its retailers. And the impact of these artificial prices are significant. This requirement drives price differentials between Connecticut and our neighboring states of between \$5.00 and \$8.00 on 1.75L bottles of alcohol.

There will no doubt be those who defend the state's existing and arbitrary system. Connecticut is, after all, "the land of steady habits." However, we can't let inertia dictate a public policy that is so outside the mainstream of good practice and that depresses local, Connecticut businesses.

CONCLUSION

We appreciate the economic conditions that the state is wrestling with, and the proposals discussed above provide solutions that will assist the state in funding critical services and operations, while at the same time improving the state's business climate and increasing consumer satisfaction.

We urge the Committee to **approve sections 41, 42(d), and 43** of SB 946, An Act Concerning Revenue Items to Implement the Governor's Budget.